

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Products
International Ancillary Services

Docket No. MC2022-37

Competitive Products
International Inbound Tracked Delivery Service
(MC2022-37)

Docket No. CP2022-44

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE REQUEST TO ADD
INBOUND INTERNATIONAL TRACKED DELIVERY SERVICE
TO THE COMPETITIVE PRODUCTS LIST, AND NOTICE OF ESTABLISHMENT
OF CLASSIFICATIONS AND RATES NOT OF GENERAL APPLICABILITY

(January 14, 2022)

The Public Representative hereby provides comments pursuant to the Commission's Notice initiating this docket.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons on a Postal Service Request to add Inbound International Tracked Delivery Service (IITDS) to the competitive products list and Notice of the Establishment of Classifications and Rates not of general applicability for IITDS.²

In support of its Request, the Postal Service filed a copy of the Governor's Decision authorizing the product, proposed changes to the Mail Classification Schedule, a Statement of Supporting Justification, a certification of compliance with 39 U.S.C. 39 U.S.C. § 3633(a), and an application for non-public treatment of certain materials. *Id.* at 1-2. It also filed supporting financial workpapers *Id.* The Postal Service intends for the new service and rates to take effect on April 1, 2022. *Id.* at 4

¹ PRC Notice Initiating Docket No. MC2022-37/CP2022-44, January 10, 2022

² Request of USPS to Add Inbound Tracked Delivery Service to the Competitive Products List and Notice of Establishment of Classifications and Rates not of General Applicability, January 7, 2022 (Request).

The Postal Service seeks to add IITDS to the competitive products list and classify it as an international ancillary service for the Inbound Letter Post Small Packets and Bulky Letters product in the Mail Classification Schedule. *Attachment 2* at 1. The prices for IITDS are fixed by the Universal Postal Union (UPU) and will be set at 0.4 Special Drawing Rights (SDR) per item for the provision of inbound tracked delivery services with up to an additional 0.75 SDR per item on the basis of performance of electronic tracking information. *Id.* at 3.

COMMENTS

The Public Representative has reviewed the Postal Service's Request and the supporting financial model filed under seal that accompanied the Request. Based upon that review, the Public Representative concludes that IITDS Service should be added to the competitive products list and be classified as an international ancillary service. In addition, it appears the prices stipulated by the UPU for this service should generate sufficient revenues to cover costs.

Product List Assignment. Pursuant to 39 U.S.C. § 3642, the Postal Service requests that IITDS be added to the competitive product list. 39 U.S.C. § 3642 requires the Commission to consider whether the Postal Service exercises sufficient market power that it can effectively set the price of such product substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products. 39 U.S.C. § 3642(b)(1). Products over which the Postal Service exercises such power are categorized as market dominant while all others are categorized as competitive.

The Postal Service makes a number of assertions that address the considerations of section 3642(b)(1). *Attachment 2*. The Postal Service notes in particular, that the prices proposed for this service are specified by the UPU and that the Postal Service is merely proposing to offer in the competitive products list a service feature that is ancillary to an already existing competitive product. *Attachment 2* at 4. These assertions appear to be reasonable. Based upon these assertions, the Public

Representative concludes that the Postal Service's Request to add Inbound International Tracked Delivery Service to the competitive product list is appropriate.

Requirements of 39 U.S.C. § 3633. Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. Based upon a review of the financial data, the UPU mandated prices for IITDS should generate sufficient revenues to cover costs and therefore meet the requirements of 39 U.S.C. § 3633(a).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

Kenneth R. Moeller
Public Representative

901 New York Ave. NW
Washington, DC 20268-0001
202-789-6888
kenneth.moeller@prc.gov